Child Care – Urban Institute Study

CC —
Urban Institute
Study

Eric –

On March 8, 2000, the Urban Institute came out with a study on childcare that broke through CNN and was covered in several papers through the AP. The study focused on the national picture – increase of working women using nonparental childcare arrangements, the fact that two our of five children are in childcare for more than 35 hours a week, and the fact that many parents are forced to piece different childcare arrangements together to fit their work schedules. The study also focused on the wide variety of childcare provisions across states (see attached press release). The press mainly focused on the issue of parents needing to rely on multiple arrangements (see attached AP article).

I would suggest that you provide the following responses on the Administration's childcare policies:

- focus on increasing overall access to childcare
  - largest expansion of Head Start in 35 year history of program – $1 billion increase will allow Head Start to serve approximately 950,000
  - increase in CCDBG combined with childcare funds provided in welfare reform will allow the program to serve over 2.2 million in FY 2001

- focus on making childcare affordable
  - Expanding the Child and Dependent Care tax credit to help over 8 million families pay child care expenses: making it refundable, increasing the level of the credit, and extending it to parents who stay at home for the first year

- focus on flexibility
  - CCDBG provides subsidies to families to be used for childcare – can be used for multiple providers, for stay at home, childcare centers, etc.

  (NOTE: The study does bring up a very valid point that many providers are not available in the evening or on weekends. During SOTU brainstorming, we thought of putting forward demo grants to provide services for families during non-traditional hours. This issue is one that should be considered as we learn more about the demand for such services.)

Hope this helps.

-Ann

Sarah E. Gegenheimer 03/16/2000 04:00:17 PM

Record Type: Record

To: Anna Richter/OPD/EOP@EOP

cc:

Subject: Child care report

The report I referenced in my first email is called, "Child Care Arrangements for Children Under Five: Variations Across the States," and was released last week by the Urban Institute, per Terrance Samuel. Terrance is interested in focusing on child care needs of former welfare recipients and working class families, noting that their needs are basically the same but that former welfare recipients are at a slight advantage in their ability to get assistance for child care expenses. He also is interested in the issue of early childhood development and how the issue affects policymaking. I made sure he knew about the White House conferences we held on child care and early childhood development, sent him background on key child care accomplishments, and sent him fact sheets on our child care-related proposals in our FY 2001 budget (see attached).

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The Clinton-Gore Administration
Making Child Care Better, Safer, and More Affordable for America's Working Families

January 27, 2000

President Clinton's FY 2001 budget includes a comprehensive child care initiative to address the struggles our nation's working parents face in finding child care they can afford, trust and rely on. Through unprecedented tax relief and subsidy support, the President's balanced budget includes a package of proposals to help working families pay for child care, improve the safety and quality of care, expand after-school programs and promote early learning.

Today More Than Ever, Working Families Struggle with Child Care. The number of children with parents who work outside of the home is higher than ever before. In 1996, three out of four mothers with young children worked outside of the home, compared to one in four in 1965. Additionally, studies have shown that that child care expenses are often the second or third largest item in a low-income working family's household budget. During the Clinton-Gore Administration, funding for child care has more than doubled. Still, many eligible children do not receive assistance. In FY 1999, states provided child care assistance to approximately 1.75 million children, or only 12 percent of the roughly 15 million low-income children eligible for assistance under federal law.

The President's Initiative Significantly Expands Access to Quality, Affordable Child Care and Early Learning Programs by:

Helping Over 8 Million Families Pay Child Care Expenses. The Child and Dependent Care Tax Credit (CDCTC) provides tax relief to those who, in order to work, pay for the care of a child under 13 or for a disabled dependent or spouse. The President's proposals, which cost $30 billion over 10 years, broaden this tax relief and will help over 8 million families pay their child care expenses by 1) making the Child and Dependent Care Tax Credit refundable for the first time; 2) increasing the level of the credit; and 3) extending the credit to parents who stay at home with their children.

- **Making the Credit Refundable for Nearly Two Million Working Parents.** Under current law, a typical family of four with an income under $25,000 has no tax liability and therefore is ineligible for relief from their often significant child care costs. Many such families earn too little to claim the credit but too much to get the full benefit of child care subsidies. To help these families, the President proposes to make the CDCTC refundable for the first time -- so that families with no tax liability can receive up to $2,400 to help offset the cost of child care. For example, a single mother who has one child, earns an annual salary of $15,000, and spends about $2,400 per year on child care, will receive a tax credit of $1,200, an increase of $817 over current law. This proposal will assist nearly two million families.

- **Increasing the Child Care Tax Credit for 4.4 Million Working Families.** For families earning up to $60,000, the President proposes to increase the maximum level of the CDCTC from 30 percent to 50 percent boosting the amount of allowable child care expenses a family can claim. This will provide an average additional tax cut of $249 for these families and eliminate tax liability for nearly all families with incomes below 200 percent of poverty that claim the maximum allowable child care expenses. Under this proposal, a family of four with an annual salary of $35,000, and child care expenses of $3,100, would receive a tax credit of $1,395 -- an increase of $775 over current law. This expansion proposal will help over four million working families pay for child care.

- **Providing Tax Relief to Nearly 2 Million Parents Who Stay at Home.** The President will also propose enabling parents who stay at home with children under age one to take advantage of the Child and Dependent Care Tax Credit by claiming assumed child care expenses of $500. This proposal will provide an average tax cut of $154, benefiting almost two million parents.

Proposing the Largest Head Start Expansion in History. The President's budget boosts funding for Head Start by $1 billion – the largest funding increase ever proposed for the program -- to provide Head Start and Early Head Start slots to approximately 950,000 children, nearing the President's goal of serving one million children in 2002. Head Start is our nation's premier early childhood development program preparing low-income children for a lifetime of learning and development by providing early, continuous and comprehensive child development and family support services. Early Head Start, created by the Clinton-Gore Administration in 1994, brings Head Start's successful comprehensive services to families with children ages zero to three and to pregnant women, and works to enhance children's overall development and enable parents to be better caregivers of and teachers to their children. Since 1993, this Administration has already boosted funding for Head Start by 90 percent.

Helping Low-Income Families Afford Child Care. The President's budget boosts the Child Care and Development Block Grant by $817 million in FY 2001, enabling the program to provide child care subsidies to nearly 150,000 more children next year. These new funds, combined with the child care funds provided in welfare reform, will enable the program to serve over 2.2 million children in 2001, an increase of nearly one million since 1997. The block grant is part of the Child Care and Development Fund, the primary federal subsidy program that helps families pay for child care, thereby enabling low-income parents to work. Today, millions of families who are eligible for assistance with their child care costs do not receive any help; in 1999, only about 12 percent of the 15 million low-income children eligible for assistance under federal law received subsidies.

Doubling After-School to Help Every Child in Every Failing School Meet High Standards. The President's budget includes $1 billion to expand after-school and summer school for students across the nation – more than doubling the $453 million enacted last year, and representing the largest expansion ever proposed. With this increase, the program can provide every child in every failing school with the chance to participate in quality extended learning programs and work toward higher academic standards. Studies have shown that extended learning programs such as after-school and summer school help improve student achievement in reading and math, as well as increase student safety and reduce juvenile crime. Under the President's proposal, the number of children served will nearly triple, from 850,000 to 2.5 million children.

Promoting Early Learning. To ensure that children have access to early childhood programs that promote their cognitive development, the President's budget includes $3 billion over five years for the Early Learning Fund to help improve child care quality and early childhood education for children under five years old. The Early Learning Fund will provide community grants for activities that foster cognitive development, improve child care quality and promote readiness for school. Resources could be used to help child care providers get training or certification, facilitate licensing or accreditation of child care centers, and reduce child-to-staff ratios -- factors associated with positive developmental outcomes for young children.

Supporting High-Quality Early Childhood Educators. The President's budget includes $30 million to ensure that well-trained professionals are teaching our young children. We know that the training and education of early childhood educators and caregivers are directly related to the quality of the early education they provide, and the quality of their service, in turn, is directly related to children's readiness for school. As a result, early childhood educators with more education and training provide the higher-quality language stimulation and literacy experiences that are critical for children's success in schools. The Early Childhood Professional Development initiative will provide competitive grants to local partnerships that provide professional development for teachers such as universities, local school districts that provide pre-school, and child care providers such as Head Start. The initiative would focus on equipping early childhood educators with the tools they need to help children develop the language and literacy skills that are the foundations for academic success.

Encouraging the Pursuit of Higher Education by Offering College Campus Based Child Care. To enable low-income parents to pursue higher education, the President's budget includes $15 million – a $10 million increase over last year's funding level – to provide an additional 150 college campuses with grants to support the establishment or expansion of child care services. States may also use a share of the Child Care and Development Block Grant for this purpose.

Creating New Child Care Tax Incentives for Businesses. In his budget, President Clinton will also propose a new tax credit for businesses that provide child care services for their employees. These services could include: building or expanding child care facilities, operating existing facilities, training child care workers, or providing child care resource and referral services. The credit covers 25 percent of qualified costs (and 10 percent of resource and referral service expenses), but may not exceed $150,000 per year per business. This tax credit costs $1.4 billion over 10 years.

URBAN INSTITUTE Press Release

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Office of Public Affairs—Susan Brown, Director

For Release: March 8, 2000

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Three out of four young children of employed moms in nonparental child care

National picture masks vast differences among states

WASHINGTON, D.C., March 8, 2000—Three-quarters of all young children of employed mothers are in nonparental child care arrangements while their mothers work. Two out of five are in child care more than 35 hours a week, and nearly as many rely weekly on more than one caregiver.

But the type of care, hours in care, and number of different arrangements each week vary among states, according to the first examination of such state patterns of child care, conducted for the Urban Institute's *Assessing the New Federalism* project.

A team of Urban Institute researchers, led by Gina Adams, is using data from the 1997 National Survey of America's Families to paint a picture of a variety of child care issues that are of particular importance to states. These initial findings, discussed in three new policy briefs, focus on the arrangements and hours of care for children under age five whose mothers are employed. Future analyses will cover family spending on child care and child care for school-age children.

The 44,000-household survey oversamples the low-income population. In-depth analyses of data were conducted in 12 states: Alabama, California, Florida, Massachusetts, Michigan, Minnesota, Mississippi, New Jersey, New York, Texas, Washington, and Wisconsin.

"These initial findings reveal remarkable variation across states in child care arrangements for young children," explained Adams. "For example, Alabama, Minnesota, and Mississippi have twice the proportion of young children in center-based care as does California. Furthermore, there is often at least one state that looks different from any national pattern we see."

Child care is now a significant component of social policy, due to the growing proportion of women in the work force, new work requirements in welfare policies, bigger federal and state roles in supporting child care services for low-income families, and concern about school-readiness.

Researchers analyzed center-based child care, care by a nonrelated person in his or her home (family child care), care by a relative, care by a nanny or baby-sitter, and care by a parent. Highlights follow.

High state variation in rates of nonparental child care. In Mississippi, 85 percent of children under age five are in nonparental child care when their mothers go to work, compared with 66 percent in California. Nationwide, 41 percent of young children are in nonparental child care at least 35 hours a week, or full-time. In the studied states, this rate ranges from 59 percent in Mississippi to 29 percent in California.

—more—

Infants and toddlers or low-income children most likely in relative or parent care. More than half of infants and toddlers, or children between the ages of birth through two, are cared for by relatives or parents, compared with a little more than one-third of children between the ages of three and four. Among the states, parent and relative care for infants and toddlers ranges from 70 percent in California to 54 percent in Michigan. Low-income children under age five are less likely than higher-income children to be in centers (26 percent, compared with35 percent) and are more likely to be in relative or parent care (56 percent, compared with 41 percent). Massachusetts is the only state in which a higher proportion of low-income children is in center-based care than higher-income children.

Three- and four-year-olds in child care more hours per week than infants and toddlers. Seventy-two percent of three- and four-year-olds are in care more than 15 hours per week, compared with 62 percent of infants and toddlers. State variation is wide, with one in two infants and toddlers in full-time care in Mississippi, Alabama, and Texas, compared with one in four in California and Massachusetts. Two-thirds of three- and four-year-olds in Mississippi and Alabama are in full-time care, compared with one-third in California, Massachusetts, and Washington.

Multiple child care arrangements common. Nearly 40 percent of children under age five are in two or more nonparental child care arrangements each week. Low-income children were no more likely to be in multiple nonparental arrangements than higher-income children, but age generally did make a difference. Three- and four-year-olds were more than three times as likely as infants and toddlers to be in three or more arrangements. In the studied states, while over 50 percent of three- and four-year-olds had more than one arrangement in Washington, Minnesota, Michigan, and New York, only 35 percent had more than one arrangement in California.

Combinations of "formal" and "informal" multiple arrangements common. Two-thirds of children under age five who are in multiple arrangements are placed in some combination of "formal" (center-based or family child care) and "informal" (relative care or baby-sitter) care. Of the remaining children, infants and toddlers are more likely than three- and four-year-olds to be in two informal arrangements (24 percent and 7 percent, respectively), while three- and four-year-olds are more likely than infants and toddlers to be in formal arrangements exclusively (25 percent and 15 percent, respectively).

"Our research demonstrates the importance of child care in the lives of America's families," explained Jeffrey Capizzano, a member of the Urban Institute child care research team. "The tremendous differences between states illustrate the unique child care challenges that state policymakers and administrators face."

For a more complete discussion, see three new policy briefs prepared for the Urban Institute's *Assessing the New Federalism* project: "Child Care Arrangements for Children under Five: Variation across States," by Capizzano, Adams, and Freya Sonenstein, and "The Hours That Children under Five Spend in Child Care: Variation across States" and "The Number of Child Care Arrangements Used by Children under Five: Variation across States," both by Capizzano and Adams. They are available at **www.urban.org**, or the Urban Institute Publications Sales Office at (202) 261-5687.

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__Assessing the New Federalism__ is a multiyear Urban Institute project designed to analyze the devolution of responsibility for social programs from the federal government to the states. The __Urban Institute__ is a nonprofit, nonpartisan policy research and education organization that examines the social, economic, and governance problems facing the nation.

The Associated Press

March 7, 2000, Tuesday, AM cycle

SECTION: Business News; Washington Dateline

LENGTH: 697 words

HEADLINE: Parents juggling multiple care arrangement for kids, study show

BYLINE: By KAREN GULLO, Associated Press Writer

DATELINE: WASHINGTON

BODY:

Nikole Rendon awakens at 2:15 a.m. to get her baby to day care so she can report to work as a hotel reservationist by 4:15 a.m. Rendon has her mother take care of her other daughter, who wakes up later.

The 20-year-old single mother isn't alone in juggling day-care arrangements. More than a third of working mothers depend on more than one option, using day-care centers part of the time and relying on friends, relatives or neighbors to watch their youngsters on other occasions, according to a new study.

About 30 percent of working mothers have two child-care arrangements for children and another 8 percent are using at least three, a survey of more than 44,000 households by the Urban Institute showed.

With more women in the workplace - many in jobs that involve nights and weekend hours - and a dearth of formal day-care centers that stay open during nontraditional hours, parents are scrambling to find child care that fits their schedules, say experts. The choices are especially limited for low-income families.

At $8.25 an hour, Rendon is making more than she could at other available jobs and there are more chances for promotions, and a better schedule, she said.

She said she was lucky to find a woman through her church who cares for children in her home just five minutes away from Rendon in Battle Ground, Wash. For now, she takes her baby there and leaves her 20-month-old to sleep for another few hours with her mother, who'll drive the child over to the day-care home later on. Rendon picks them up at 1:30 p.m.

"I like my early mornings so I can go home and be with them," said Rendon. "But I find myself falling asleep with them instead of playing with them."

More than 15 million people worked nontraditional hours in 1997, the latest year for which statistics are available.

That number is expected to increase. Occupations with a high number of employees working nights and weekends are expected to account for 27 percent of all job growth over an 11-year period that ends 2005, according to report by the Washington State Child Care Resource and Referral Network.

The Urban Institute survey, part of a multiyear project looking at federal and state social programs, found that 65 percent of mothers juggling multiple child-care arrangements use a combination of formal daycare centers, Head Start programs and baby-sitting by relatives and friends.

Twenty percent use two separate day-care centers.

"They are trying to patch arrangements together instead of applying one arrangement that covers all the hours they work," said Jeffrey Capizzano, research associate in the group's population studies center who co-authored the report.

Infants and toddlers are the least likely to be in multiple care arrangements, according to the survey. Forty-four percent of 3-year-olds and 4-year-olds are in two or more, compared to 34 percent of younger children. The study has a margin of error of plus or minus 3 percentage points.

There are no national statistics on the number of day-care centers that operate in the evenings and on weekends, but child-care experts say supply doesn't meet demand, which has increased in recent years as people coming off welfare found jobs in restaurants, cleaning services and other places that require them to work at night and on weekends.

In King County, Wash., which includes Seattle, 2 percent of day care centers and 14 percent of private homes that operate as day care centers will take children in the evening. Even fewer take kids on weekends.

But many parents are looking for just that kind of care. About 13,000 - or 28 percent - of the nearly 46,000 requests to a statewide child care referral service in 1998 were for nonstandard hour care, according to the Washington state report.

The state offers child care providers in the Seattle area an extra $108 per month for every child they take during off-hours.

"It's an incentive for centers to take these kids," said Elizabeth Bonbright Thompson, executive director of the Washington referral network.

On the Net: Department of Health and Human Service's Child Care Bureau: http://www.acf.dhhs.gov/programs/ccb

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